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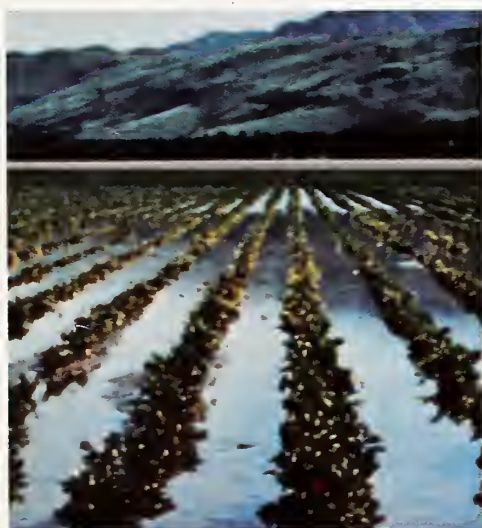
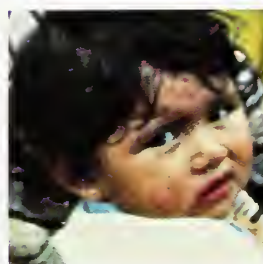


United States  
Department of  
Agriculture

Farmers Home  
Administration

Program Aid Number 973

# This is FmHA







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# Introduction



THE FARMERS HOME ADMINISTRATION (FmHA) gets its name from its original mission as a farm loan agency in the 1930's-1940's. However, as the makeup of the rural population shifted, the work of Farmers Home has changed. Now farm families make up only 15 percent of rural population, and FmHA has become a rural and smalltown community development institution, serving a much wider variety of purposes than its name implies.

An agency of the U.S. Department of Agriculture, FmHA makes loans and grants in rural areas, including towns, for housing, farming, community facilities, business and industry. During recent years, its volume of lending for all programs has ranged to nearly \$15 billion a year.

FmHA also is the Federal Government's lead agency for helping rural areas benefit from all Federal programs that can lend support to rural development. FmHA cooperates toward that end with state, regional and local public bodies and community organizations, and with other Federal agencies.

Two principal reasons for channeling rural financial services through FmHA are its extensive experience in dealing with credit problems of rural people and the capital needs of small communities, and the localized type of service it developed as a supplier of farm loans.

FmHA operates a nationwide system of local offices. County offices are usually located in county seats, where the rural public finds easy access to services. Each state has several district offices serving areas having common boundaries with sub-state planning districts. There are 46 state offices serving every state plus Puerto Rico, Vir-



gin Islands, Guam, American Samoa, and the Pacific Trust Territories. No other Federal agency has this kind of localized delivery system for rural areas. As new programs in rural credit are developed by the Government, they can be made available to families and communities through FmHA's existing local office system.

Most loan authorities conferred on FmHA are intended to serve rural people and communities of greatest need who cannot get credit elsewhere at affordable terms. Farm loan authorities emphasize assistance to the family size farm or ranch operated for purposes of making a family living, as well as disaster assistance to the broader group of farmers. Most home loan programs are for families of low and moderate income.

FmHA provides a "supervised" type of credit through which families of limited resources may receive counseling on farm and home management problems to help achieve the purpose of their loans. An objective in many programs is to enable a borrower family to improve its circumstances enough to eventually "graduate" to private credit.

Nearly all money loaned by FmHA comes from collections on previous loans, or from private entities through their investment in Government securities. The costs of interest subsidized in below-market loans in certain farm, housing and community facility programs are made up from public funds. FmHA also administers grants for meeting some special needs in community facilities, rural development planning, and housing.

Some loans are obtained directly from FmHA offices, and some from commercial lending institutions under the assurance of an FmHA guarantee of repayment. Those made directly by the agency are usually characterized as "insured" loans. Those supplied by private lenders are called "guaranteed" loans.

In most banking jurisdictions, a private lender is not required to apply the FmHA-guaranteed portion of a loan against its legal lending limit. In addition, the lender may sell the guaranteed portion in the secondary money market. This, in effect, extends the lending potential of small rural lending institutions.

Interest rates charged FmHA borrowers vary from program to program. Some are based on "cost of money to the Government"—that is, interest paid to investors in Government securities for funds passed on to borrowers by FmHA. Some are subject to other formulas or to maximum interest rates fixed by Congress. Guaranteed loan interest rates are negotiated between lenders and borrowers, but may not be higher than that charged on similar loans in the area without a guarantee.

## Size of Towns Served

The maximum size of a rural community where FmHA may make loans or grants for nonfarm purposes is fixed by law. Limits differ according to type of program. Water, waste disposal and other community facilities financed through FmHA may serve towns of not more than 10,000 population. Home financing is available in towns of up to 20,000, in certain cases. Business-industrial loans may be made to enterprises in places as large as 50,000, although priority is given to towns of 25,000 and less.

## Where to Apply

Inquiry about applying for an FmHA loan or grant may be made at any county or district office of the agency. An application will be received in the office serving the county where the property involved would be located, or the organization involved would be headquartered.

All farm and single-family housing loans are made and serviced by county offices. Multi-family housing and community facility project applications are processed by FmHA sub-state district offices. Business-industrial loan or loan guarantee applications may be received at county offices but are processed by FmHA state offices.

FmHA office locations are listed in the "U.S. Government" section of telephone directories under "Department of Agriculture." County, district or state office locations also may be obtained by writing to the Farmers Home Administration, U.S. Department of Agriculture, Washington, D.C. 20250.

## Equal Opportunity

All applications for FmHA services are considered without regard to race, color, religion, sex, marital status, age, handicap, or national origin. Any multi-family or public-use facility financed with the help of FmHA must be made available to the public with the same consideration. Applications from eligible U.S. military service veterans are given preference in order of consideration, but veterans and nonveterans must meet the same eligibility and credit requirements.



# Farmer Programs



## General Provisions

**Purposes**—The basic FmHA farm loan programs are for ownership and operation of family-size farms and ranches. They are intended to assure that the owner-operators or tenant-operators of farms in the family-size category have access to agricultural credit they need to earn an adequate living from their efforts. They are also designed to help qualified young people finance their entry into farming.

Loans are made for land, building, equipment, supplies and other expenses, including financing, necessary to farming operations. Loan purposes also can include the financing of small nonagricultural businesses through which farm families can augment their incomes. Loan terms can include reduced interest rates to limited resource farmers during the years they are working toward a level of farming that provides an adequate living.

Certain other types of FmHA farm loans are not restricted to the family-size farm operation. They include emergency loans to help overcome losses caused by natural disaster or adverse economic conditions, and to carry out measures for land and water conservation and pollution abatement.

**Supplementary Credit**—In all cases, FmHA lends to the qualified farmer or rancher who cannot get necessary credit elsewhere. FmHA loans supplement the amount of financing made available by commercial banks, the Farm Credit System and all other agricultural lenders.

**Security**—Loans must be adequately secured to protect the interests of the lender and the



Government, usually with real estate mortgage or lien on crops or equipment financed by loan.

**Supervision Services**—FmHA “supervised credit” services are available to every borrower. The agency’s county supervisors and other county office staff members counsel applicants to help them analyze their assets and liabilities, and devise the best possible plan for improving their situation. The counseling service continues as long as an FmHA farm loan is in effect.

**Citizenship**—U.S. citizenship or permanent resident alien status is an eligibility requirement for an FmHA farm loan.

**Areas Served**—Rural areas in all of the United States, Puerto Rico, Virgin Islands, Guam, American Samoa, and the U.S.-administered Trust Territories in the Pacific Ocean.

**What is a “Farmer”?**—a person who has experience or training in the work of a farm or ranch, will be the owner-operator or tenant-operator of a farm when the loan is made, and relies on farm or ranch income for a substantial part of his or her livelihood.

**What is a “Family Farm”?**—a farm one family can operate and manage, performing the work of the farm with no more than an incidental amount of hired labor except in peak or emergency periods. The farm business may be conducted by an individual, partnership, corporation or cooperative.

**Eligibility**—The local FmHA county committee, made up of three persons appointed by the FmHA state director, who know local farming and credit conditions, determines eligibility for farmer loans. Before acting on an application, the committee may ask the applicant to meet with them, or they may visit the farm.

Other essential terms and conditions of FmHA farm loan programs are as follows:

## Farm Ownership Loans

**Purpose:** To buy land; refinance debts; construct, repair or improve buildings; improve farmland; develop water facilities; and establish farm-based business enterprises to supplement farming income.

**What are the terms?** Interest rates for insured loans vary according to the cost of money to the Government. Reduced rates are available to limited resource borrowers. Interest rates for guaranteed loans are negotiated between the borrower and the lender. The maximum repayment term is 40 years.

Each loan must be adequately secured by real estate, but FmHA may lend up to 100 percent of the value of the security property. There is no arbitrary “down payment” requirement.

Borrowers who receive insured loans from FmHA are required to “graduate” to regular private credit sources as soon as they are able.

The dollar ceiling is \$200,000 for an insured loan, \$300,000 for a guaranteed loan.

## Farm Operating Loans

**Purpose:** To meet operating expenses, including feed, seed, livestock, fertilizer, farm and home equipment, living expenses, insurance, medical care, hired labor; to finance recreational and nonagricultural enterprises to add to family income; to pay for mandated safety and pollution control changes.

**What are the terms?** Interest rates for insured loans vary according to cost of money to the Government. A reduced rate is available to limited-resource borrowers. Interest rates for guaranteed loans are negotiated between the borrower and the lender.

Repayment is scheduled according to the borrower’s ability to repay, and the purpose for which the loan is made. Funds advanced for annual operating expenses are usually repaid when the products are sold. Funds advanced for other purposes may be repaid in from 1 to 7 years. In some cases, an additional 7 years may be permitted.

The limit is \$100,000 for an insured farm operating loan, \$200,000 for a guaranteed loan.



# Farmer Programs

## Soil and Water Loans

**Purpose:** To help individual farmers and ranchers develop, conserve and properly use their land and water resources, and abate pollution.

Funds may be used to drill wells and otherwise improve water supply systems for irrigation, home use and livestock; to buy irrigation equipment; to acquire a water supply; to install drainage or waste disposal facilities.

Soil improvement practices which may be financed under this program include fertilizing, seeding, sodding, land leveling, establishing permanent pastures and farm forests, installing erosion and pollution control measures.

**Terms** are the same as for farm ownership loans.

## Recreation Loans

**Purpose:** To help eligible farmers increase their incomes by converting all or portions of their farms or ranches to income-producing outdoor recreational enterprises. It is expected that the farmer will be the manager of the recreation facility when it is completed.

Recreation facilities that have been financed under this program include campgrounds, riding stables, swimming areas, tennis courts, shooting preserves, vacation cottages, lakes and ponds for boating and fishing, nature trails, winter sports areas, target ranges and many others.

Funds may be used to develop land and water resources; repair and construct buildings; buy land, equipment, livestock and other recreation items; and pay necessary operating expenses.

**Eligibility and terms** are the same as for farm ownership or farm operating loans.

## Nonfarm Enterprises

**Purpose:** To help family farmers and ranchers develop and operate nonagricultural enterprises to supplement farm income. Funds may be used to provide buildings and land for the enterprise; buy, rent or repair tools and equipment; pay operating expenses; refinance debts; pay loan closing costs; purchase inventories and supplies; pay the costs of organizing the business.

Successful FmHA-financed non-farm enterprises have included repair shops, service stations, restaurants, grocery stores, roadside stands, animal boarding facilities, beauty and barber shops and a variety of custom services.

**Terms** are the same as for farm ownership and farm operating loan programs. It is expected that the applicant will be the manager of the enterprise.





## Youth Project Loans

**Purpose:** to enable young people between the ages of 10 and 20 years to borrow money on their own signatures for income-producing projects.

Each project must be part of an organized and supervised program of work such as in school, 4-H Club or Future Farmers of America activity, and produce sufficient income to repay the loan.

These loans can finance nearly any kind of farm or nonfarm income-earning project including lawn and garden service, livestock and crop production, repair shops, catering services, crafts sales, roadside markets and many others.

**Terms:** Interest rates are the same as for farm operating loans. The repayment schedule is worked out between the FmHA county supervisor and the applicant and is based on when the product is sold or the service paid for. The loan is secured by a promissory note signed by the applicant and occasionally a cosigner.

## Aquaculture Loans

Commercial production of plants and animals in water under controlled conditions has come to be termed "aquaculture" and is recognized as a type of farming.

Many aquacultural enterprises can be developed which extend the profitable use of rural resources—fish and seafood "farms," water-cress beds, etc.

FmHA loans are available for aquaculture in much the same way as for other lines of farming. A farmer wishing to establish a catfish farm, for instance, might secure funds for construction of a pond under a farm ownership loan, and stock it under a farm operating plan.

A farmer seeking to expand his income by offering recreational fishing or boating could secure help through a farm recreational facilities loan. A processing plant or a marina might be set up with

non-farm enterprise or a business and industry loan.

Emergency loans are available to aquaculture operators.

**Terms** are the same as for farm ownership and farm operating loans.

## Association Loans

Two loan programs are available to associations of family farmers or ranchers who want to improve their economic status by joint action. An association can be as small as three members, or as large as is needed to meet the collective need. FmHA county supervisors can advise interested groups on how to go about forming an association.

**Irrigation and Drainage Association** loans may be used to develop community irrigation, drainage, and other soil and water conservation facilities.





# Farmer Programs

**Grazing Association** loans may be used to acquire and develop grazing land for the livestock of the association members.

**Terms** for these loans are the same as for the individual farm ownership loans. There is no dollar limit on irrigation and drainage loans, but a grazing loan may not exceed \$4 million.

## Emergency Loans

The Farmers Home Administration has for many years made loans to help farmers and ranchers recover from natural disasters. In recent years this emergency loan program has been expanded to include financing for recovery from adverse economic conditions. Applicants for both types of emergency loans must be unable to obtain credit elsewhere on reasonable rates and terms.

Emergency loans are not restricted to family size farms.

## Disaster Emergency Loans

**Purpose:** To help farmers and ranchers in authorized disaster areas restore property and operations destroyed or damaged by natural disaster. Loans are made to assist eligible disaster victims in sustaining and rehabilitating their normal operations.

Counties are named as eligible for disaster emergency loans by either the FmHA state director or the President.

**Terms:** Loans that offset actual losses are made at reduced interest rates and may be used to restore damaged property, to pay production expenses and to refinance other farm debts.

Loans for amounts beyond the actual loss, for adjustment to the farm operation, and annual production purposes may be made at prevailing market rates of interest to enable the farmer to continue these operations.

Repayment terms vary according to loan purpose and the borrower's repayment ability. In addition to making loans directly to farmers, FmHA guarantees (up to 90 percent) loans made by commercial lenders on terms negotiated between borrower and lender.

Applications for all physical and production losses must be filed within 9 months of the date of emergency authorization.

## Economic Emergency Loans

**Purpose:** To provide farmers and ranchers a source of financing when they find necessary credit is hard to get—because of economic stresses such as general tightening of agricultural credit or high production cost and low prices for farm goods—so that they may continue normal operations during a temporary economic emergency.

Funds can be used to refinance some existing debts, to change or reorganize the farming operation, and for operating expenses.

An economic emergency loan may not exceed \$400,000. A farmer's combined economic emergency and other farm loan debt to FmHA may not exceed \$650,000.

**Terms** are the same as for farm ownership and farm operating loans and depend upon the purpose for which the loan was made. Both

insured and guaranteed loans are available for economic emergency purposes.

The economic emergency program is scheduled to terminate on September 30, 1981.

## Limited Resource Loans

**Purpose:** To help low-income farmers and ranchers who live on small farms improve their farming and earn a better living.

A "limited resource" farmer is an owner-operator or tenant-operator who, because of limited resources such as lack of equipment, capital, land, adequate financing, or sound farming practices, needs a lower interest rate to have a reasonable chance of success. These are obstacles faced most often by young farmers and by minority farmers who have not been able to develop farms that earn them an adequate living. They are not able to pay the interest rates usually charged for farm loans. But they need loans to buy or improve their farms, and they may need extra time before they can start paying back the loans.

**Terms:** Loans are made to limited resource farmers for farm ownership purposes at a 5 percent interest rate for the first 3 years of repayment. The loan is then reviewed every 2 years to determine the borrower's repayment ability.



For limited resource loans made for farm operating purposes, the interest rate is 7 percent for the first 3 years of repayment. The loan is then reviewed every 2 years as above.

In some cases a limited resource borrower can be given up to 3 years before starting to pay installments on the loan.

### Indian Tribal Loans

**Purpose:** To enable Indian tribes to purchase privately held lands that lie within their reservations and restore the land to the use of reservation residents.

Loan funds may be used to pay expenses incidental to the purchase of the land but not for land development.

**Terms:** Interest rate is the same as in the farm ownership program except that lower rates are available for tribes unable to pay the regular rate.

Application for an Indian Tribal loan is made at the FmHA county office. The loan must be approved by both the FmHA national office and the authorized tribal governing body.





# Housing Programs



The Farmers Home Administration makes a variety of loans and grants for housing in rural areas in order that rural residents may have an opportunity to live in "decent, safe, and sanitary" homes. At the present time, there are over 1.9 million substandard housing units in rural America. FmHA strives to reduce that number with its housing assistance.

Programs fall into two broad categories—assistance for persons of low and moderate income to own or improve their single-family dwellings (Section 502 and 504 programs), and assistance to both owners and tenants in multi-family housing facilities (Section 515 program).

The basic programs are supplemented by special authorities for homesite development, farm labor housing and technical assistance.

## General Provisions

**Eligibility** for FmHA-financed single-family housing is based on adjusted family income, with low-interest loans available to "low" and "very low" income applicants. "Adjusted" income is the sum of the income of all adults in the household, minus 5 percent of this sum, minus \$300 for each minor child in the household.

Ceilings on adjusted income classified as low, moderate, or above-moderate are determined from time to time by the Government.

"Rural areas" include open country and places with population of 10,000 or less that are rural in character and not closely associated with urban areas. Some towns with populations between 10,000 and 20,000 may qualify if located outside Standard Metropolitan Statistical Areas (SMSA), and depending upon local mortgage credit conditions.





**Standards**—Housing financed under FmHA programs is modest in size, design, and cost but of adequate quality under Government-observed Minimum Property Standards.

Building plans for new construction must be approved by FmHA officials. An existing house is inspected before a loan is made. Access to safe drinking water, waste disposal facilities and good roads is essential.

**Equal Opportunity**—Each person who applies gets equal consideration without regard to race, color, creed, sex, marital status or national origin. There are no restrictions on age (except in special programs for the elderly), but the applicant must possess legal capacity to incur loan obligations.

**Application** for a single-family housing loan is made at the FmHA county office serving the county where the property is located. Multi-family rental or cooperative housing project applications are administered by FmHA district offices, but the initial contact can be made through the county office.

FmHA housing programs are authorized in sections of Title V of the Housing Act of 1949, as amended. More specific details by type of loan or grant are as follows:

## Single Family Housing Programs

### Home Ownership

Home ownership (Section 502) loans are made to families with low and moderate incomes who:

- are without decent, safe, and sanitary housing
- are unable to obtain loans from private lenders at reasonable rates
- have sufficient income to meet loan payments
- possess character, ability and experience to meet loan obligations

Loans may be used to buy, build, improve, repair, or rehabilitate rural homes and to provide water and waste disposal facilities for the homes.

**Terms:** There is no requirement of a "downpayment." FmHA can lend for up to 100 percent of the value of the property as appraised by FmHA.

Interest rates are based on the cost of money to the Government. Maximum time for repayment is 33 years.

Families with low income may qualify for interest credits (reduction of interest to as low as 1 percent) to make the housing payments fall within their means. FmHA will compute the amount of allowable interest credit based on an FmHA formula.

FmHA also guarantees up to 90 percent repayment of housing loans made by private commercial lenders to borrowers of "above moderate" income. In this case, the interest rate is negotiated between the borrower and the commercial lender, and a small downpayment is required. Applications for guaranteed loans are made at the

office of the lender, who then contacts FmHA for approval of a loan guarantee.

**Repairs**—A condition of a Section 502 home improvement loan is that the house be up to Federally-recognized minimum property standards when the repairs are completed. This may influence the amount of work that must be done and the amount of money that must be borrowed. Repayment terms of 25 years or less may be scheduled for repair loans of no more than \$7,000.

### Conditional Commitments for Rural Housing Loans

To encourage the construction of single-family dwellings in rural areas for sale to low and moderate income persons, FmHA issues what are called "Conditional Commitments" to builders or sellers.

The commitment is not a loan contract. It is an assurance that the housing as planned conforms to minimum property standards for Government-financed homes, and that FmHA will be willing to make loans to qualified applicants if the homes meet the standards when completed.

### Very Low Income Repair Loans

Under Section 504 of the Housing Act, a rural homeowner of very low income whose house is severely deficient may be eligible for a low interest loan for repairs needed to make the house safe and adequate for habitation and to remove health hazards.

Loan limit is \$7,500, maximum term for repayment 20 years, interest rate 1 percent.



# Housing Programs

## Home Repair Grants for the Elderly

Grants or grant-loan combinations are available through FmHA to help very low income elderly homeowners (62 years of age or older) make necessary repairs to their homes. The amount of grant must not exceed \$5,000. Grants are made for that portion of the Section 504 loan that cannot be repaid by the applicant.

## Weatherization Loans

A simplified way to finance home weatherizing improvements such as better insulation, weatherstripping, storm doors and windows, can be arranged through FmHA and rural electric cooperatives or other utility companies.

Under this plan, homeowners eligible for FmHA rural housing credit may have home weatheriz-

ing work done and pay by easy installments with their monthly electric or fuel bills.

The co-op or utility company receives the applications, advises homeowners on work that needs to be done, refers applicants to contractors, pays for the work and bills the homeowners over a 5-year period. The interest rate is the same as for Section 502 loans.

## Mutual Self-Help Housing Loans

A group of families who wish to work together to build their own homes may receive financing and technical assistance through the FmHA self-help housing program.

Any group of six or more low-income families may qualify providing they cannot individually afford to build modest houses by customary methods.

FmHA or a technical assistance organization helps the group to get organized, holds pre-construction meetings that include basic

instruction in construction, and hires a construction supervisor, if necessary.

The group must agree to work together, attending pre-construction meetings and keeping to assigned work schedules, until all the homes are completed.

Section 502 housing loans for material and any skilled labor or contract costs are made on an individual basis. The FmHA county supervisor determines eligibility and works out repayment terms with each applicant.

## Technical Assistance Grants for Self-Help Housing

FmHA Technical Assistance grants are available for public or private nonprofit groups to provide technical assistance for self-help housing projects.

Applicant groups must show that





a need for self-help housing exists in their area, that they have the professional expertise to supervise a self-help housing project, and that no other funding is available for this assistance.

Grant funds may be used to hire administrative personnel, make essential equipment such as power tools available to self-help housing participants and to pay for training the self-help group members in construction techniques.

### Self-Help Housing Site Loans

Low interest (3 percent) loans may be made to public or local private nonprofit organizations by FmHA to develop housing sites for self-help housing projects. Funds may be used to buy land, prepare building lots, construct access streets and install utilities.

## Multi-Family Housing Programs

### Rural Rental Housing

Loans for rental or cooperative housing in rural areas are made by FmHA to provide living units for persons with low and moderate incomes and for those age 62 and older.

Funds may be used to build apartment-style housing, including duplexes and similar garden apartments, or to purchase and carry out major rehabilitation of existing rental housing. Borrowers must agree to provide rental units that eligible tenants can afford.

Rental housing loans can be made to individuals, public agencies, cooperatives, and profit and nonprofit corporations. With the exception of public agencies, applicants must show they are unable to provide moderate-cost rental units with other financing.

**Terms:** The loans are repayable in not more than 50 years.

Interest charges are based on the cost of money to the Government. Provisions are made for interest reductions under certain circumstances, so that low income tenants may be given rental rates within their means.

### Congregate Housing Loans

“Congregate” housing offers senior citizens and handicapped persons semi-independent living quarters, which may include central dining facilities, some housekeeping help, and other centralized services.

Congregate rental housing may provide limited health service units, but not full-scale nursing home facilities for persons needing continuous medical treatment or institutional care. Nursing homes may be financed through FmHA





# Housing Programs

community facility or business-industrial loans.

Interested persons should contact county or district FmHA offices for further details.

## Farm Labor Housing

The Farmers Home Administration makes loans and grants to finance low rent housing for domestic farm laborers. The funds may be used to build, buy, improve, repair or furnish suitable low-cost housing for farmworkers and their families, either for seasonal use or for year-round occupancy.

Individual farmowners, farmworker associations, public agencies, and private nonprofit organizations are eligible for this assistance if they are unable to obtain other funding at reasonable rates.

**Terms:** An interest rate of 1 percent is provided by law for FmHA farm labor housing loans. Grants of up to 90 percent of project cost are available for public or broadly-based nonprofit organizations when the group cannot afford loan payments but has initial operating capital and sufficient income to manage the facility.

## Rental Assistance

Rental Assistance payments are made to owners of FmHA-financed rental projects to reduce the rents (including utilities) paid by low income tenants to no more than 25 percent of their incomes. The payments make up the difference between the tenant's payment and the approved rental rate established for the unit.

Low-income senior citizens or families with rents that are more than 25 percent of their adjusted annual income can qualify for rental assistance. There is a \$10,000 ceiling on the adjusted income of eligible households.

The landlord applies for rental assistance coverage of an apartment unit, either before or after construction of the housing. Eligible tenants may petition an owner who does not participate in the program, to do so.

The landlord has the responsibility for administering this program on behalf of tenants, and receives, in turn, rental income adequate to meet expenses and afford a modest profit.

## Rural Housing Site Loans

FmHA makes loans to nonprofit companies or associations to improve homesites which can be used for housing financed through FmHA housing loans.

The sites must meet a demonstrated need and must be sold on a nonprofit basis.

**Terms:** Interest rates for site loans are based on the cost of money to the Government, except that loans for self-help sites are available at 3 percent interest. Site loans are repayable within 2 years.

## Technical and Supervisory Assistance Grants

FmHA makes grants to local nonprofit and public organizations to provide counseling to low-income rural families in how to find and keep adequate housing. Project proposals are submitted to district offices and are considered annually. Priority is given to areas with the greatest need for housing based on low-income population and persons living in sub-standard housing.



# Community Facilities Programs



The Department of Agriculture is the Federal Government's lead department for support of rural development. Most USDA programs to help finance the planning and building of better rural community facilities are administered through FmHA. They represent the largest Federal source of community facility loans and grants targeted toward rural needs.

Many Americans in smaller towns and countryside are still without amenities long taken for granted in metropolitan areas, including central water and sewer systems, local health centers, and full-time fire departments.

Since the early 1970's, population trends in the United States show increased migration from heavily populated urban centers to rural areas and small towns. The shift in rural-urban balance of population places added burdens on smaller communities to provide their people with a well-rounded complement of essential public services.

FmHA community facility programs are directed toward rural countryside and rural communities of up to 10,000 population. Loans may be made for a maximum term of 40 years (or a shorter maximum term if specified by state law) at an interest rate of 5 percent.

Eligible applicants include municipal governments, county governments, public service districts and authorities, other non-Federal public bodies, Indian tribal organizations, and broadly based community nonprofit corporations.

FmHA may participate with other Federal or non-Federal public service agencies in jointly funding projects.

Community facility loans are administered by FmHA district





# Community Facilities Programs



offices, but application information is available at local county FmHA offices.

## Water and Waste Disposal Loans and Grants

Loans and grants are available for original installation or improvement of central community water systems, sewage disposal systems and solid waste disposal systems. Projects may be located in or serve open countryside and rural communities of not more than 10,000 population. Priority is given to local public bodies providing service in communities of 5,500 or less, or to projects meeting certain other criteria of urgent need.

**Grants** may be made to help the most financially needy communities reduce the repayment burden on the system's users. Grants may cover up to 75 percent of project costs.

## Other Community Facility Loans

Loans (no grants) are made to build or improve other types of public-use facilities such as hospitals, health clinics, fire and police departments, community centers, roads and streets, libraries, schools, publicly owned recreation centers, and other essential community service installations. Loan funds also may cover costs of equipping the facilities.

With respect to health care facilities, a cooperative arrangement exists between FmHA and the U.S. Department of Health and Human Services, whereby FmHA makes loans to build and equip clinics or other health centers in medically underserved rural areas, and HHS provides operating funds and placement service to assure staffing with medical personnel.



## Watershed and Flood Protection

Loans can be made to cover costs that must be paid by local organizations for projects developed under the Small Watershed Protection and Flood Prevention Act or the Flood Control Act of 1944. The Soil Conservation Service (SCS) of USDA provides primary guidance and financial support to these programs.

Local agencies or organizations participating with SCS in the programs are eligible to borrow from FmHA.

Loans can be made for terms as long as 50 years. The beginning of repayment of some loans can be deferred for as long as 10 years.

Interest rates are adjusted annually to the cost of U.S. Treasury borrowings.

## Resource Conservation and Development (RC&D) Loans

RC&D loans are made to finance local costs of projects that are in conformity with project plans for Resource Conservation and Development areas designated by the Secretary of Agriculture and assisted by the SCS.

Projects may include land or water conservation, water resource improvements, public recreational developments, waste disposal, and shift in land use to the benefit of communities.

Loans are made for a maximum of 30 years. Interest rates are adjusted annually to the cost of U.S. Treasury borrowings.



# Business and Industry Programs



In an effort to encourage a well-balanced economy in rural areas, FmHA has two programs to help strengthen the establishment of businesses and industries in towns of 50,000 or less (preference going to places of 25,000 and less).

Jobs produced by these enterprises help rural people stay in their own communities and raise their standard of living in the rural environment.

## Business and Industry Loan Guarantees

A firm wishing to establish itself in a rural area, or an existing firm that needs to expand, may be eligible for a loan guarantee by FmHA. This guarantee assures repayment (up to 90 percent) of funds which the firm borrows from a commercial lender.

There is no "credit elsewhere" provision for guaranteed business and industry (B & I) loans. That is, a borrower does not have to show inability to get funds through regular credit channels without the FmHA guarantee. However, FmHA will guarantee only quality loans which provide lasting community benefit.

Funds secured under an FmHA guaranteed loan may be used for expenses such as purchase of land, building, and equipment; working capital; and in certain cases for refinancing debts.

Funds may not be used for projects that transfer business from one area to another or produce goods or services for which there is insufficient demand.

Goals have been established within FmHA for B & I loans, to





## Business and Industry Programs



people and areas which have a special need for assistance:

- 1) Businesses operated by women
- 2) Businesses operated by minority people
- 3) Job-producing enterprises in deeply distressed areas
- 4) Modernizing and upgrading rundown business centers in rural towns.

Application for B & I loan guarantees is made at the office of a local lender who, in turn, contacts FmHA for assistance in processing the application. Preliminary information may be obtained from FmHA offices by prospective applicants.

In most banking jurisdictions, the lender is not required to apply the FmHA-guaranteed portion of the loan against its legal lending limit. This, in effect, extends the lending potential of smaller, rural lending institutions. Local banks can involve other banks in B & I loans on a participating or secondary market basis, thus bringing fresh, outside capital into the community.

**Terms:** The interest rate for FmHA guaranteed loans is determined between the borrower and the lender. The repayment period varies according to the use of the funds.

The borrower must have enough tangible equity to provide reasonable assurance that the project will be successful. FmHA will require at least 10 percent equity for existing businesses and usually more for a new business.

### Industrial Development Grants

FmHA makes grants to rural communities to help finance development of industrial sites necessary to attract private business enterprises.

Public bodies in rural areas or cities of up to 50,000 population are eligible to apply for these grants, with preference going to towns of 25,000 or less.

Funds may be used for acquisition and development of land; construction of buildings, plants, access roads, parking areas and utility extensions; equipment; and fees.

Funds may *not* be used to develop a facility that transfers business from one area to another or that will make a product for which there is insufficient demand.

Applications for these grants are made at the local county or district office of FmHA.



# Area Development Assistance Programs



## Planning Grants

Area development assistance planning grants, often called “Section III grants,” are made to states, sub-state districts, local units of government and certain community based organizations to encourage and help meet the cost of comprehensive planning in rural areas—especially as such planning affects the unemployed, the underemployed, those with low family income, and minorities.

Grants may be used for planning efforts in a wide variety of areas including water, sewer, housing, energy and economic development.

## Energy Impacted Area Development Assistance

When a rural community has a sudden surge of population growth because of increased coal or uranium production in the area, it may be eligible for assistance in developing plans to manage this growth.

“Energy impacted” areas are designated by state Governors and approved by the Department of Energy. Grants are provided to local governments based on the Governor’s priorities.



# Short History of Farmers Home Administration

The Farmers Home Administration traces its beginnings to the Resettlement Administration, a New Deal rural rehabilitation agency created by Executive Order in 1935 to help farm families hard hit by the Depression remain on the land.

During its 2 years of existence, the Resettlement Administration made hundreds of thousands of short-term loans, often supplemented by grants, to enable scores of rural families to leave relief rolls and become self-supporting again. Resettlement emphasized followup supervision over the progress of its borrowers — with technical counseling on better management of farm and home finances and improved farming methods.

## Supervised Credit A Success

The success of this system of supervised credit as pioneered in the Resettlement Administration led to the passing, in 1937, of the Bankhead-Jones Farm Tenant Act, which provided farm ownership and improvement loans for farmers who lacked other sources of credit. Also enacted in 1937 was the Water Facilities Act to provide loans for farm water systems in 17 western States where drought and water shortage were chronic hardships.

These two programs were the beginning of a massive effort on the part of the Federal Government to extend a helping hand to rural people who had no other source of credit. In early 1938, they were placed, along with other Resettlement programs, in a new agency within the Department of Agriculture — the Farm Security Administration. The Resettlement Administration, as an independent agency, was dissolved.

## Farm Security Administration

During the ensuing 9 years, the Farm Security Administration (FSA) became firmly established on the American agricultural scene for its careful, localized, individualized assistance to farm families recovering from the double strikes of drought and Depression.

Farm and home counseling by county office staffs played a large role in enabling over 200,000 farmers to become farm owners. The success of these borrowers strengthened family farm agriculture which, in turn, helped the United States to respond with such success to the food production demands of World War II.

FSA shared administration of the Water Facilities Act with the Soil Conservation Service and the Bureau of Agricultural Economics until 1942, when FSA assumed full responsibility for the program. FSA also carried on the homestead projects begun by the Resettlement Administration.

## Farmers Home Administration

At the close of World War II it became apparent that a restructuring of FSA was necessary—that some of the old Resettlement programs were no longer justified and that new programs would be needed in the postwar period.

Accordingly, in August 1946, Congress passed the Farmers Home Administration Act. This measure, which took effect in 1947, reconstituted the Farm Security Administration under a new name, Farmers Home Administration. Farmers Home was authorized to carry on with farm loan services and the western Water Facilities program.

(Until 1974, Farmers Home Administration was commonly referred to by its initials FHA, and often confused with other agencies

bearing the same initials, including the Federal Housing Administration and Federal Highway Administration. In April 1974, USDA formally adopted "FmHA.")

## Rural Housing Added

The year 1949 brought the first of many additions to FmHA's portfolio of services, all made available to rural people through the now well-established system of FmHA county offices.

The Federal Housing Act of 1949 gave FmHA authority to make housing loans to farmers as a part of the national housing program. This authorization was extended in 1961 to include nonfarm rural residents.

The housing program now includes the original home ownership loans; grants, loans, and technical assistance for self-help housing; provisions for low-cost rental housing and rental assistance; and help for farm labor housing projects—all within the stated goal of providing the means for decent, safe and sanitary housing for all rural residents.

## Emergency Help Expanded

The first of the special emergency loan programs under FmHA, the Disaster Loan Act, was also passed in 1949, giving low-interest aid for recovery from losses inflicted by natural disasters. Short term feed-seed-fertilizer loans for farmers in hardship areas had been available through USDA starting in 1918 and carried on through the Farm Credit Administration, 1933-46. The Resettlement Administration had a program of small grants and loans for disaster situations from its beginning, which was maintained by FSA.



# Short History of Farmers Home Administration

## Water and Waste Disposal Loans and Grants

The Water Facilities Act was amended in 1954 to apply nationwide and let farm area water systems take on nonfarm customers in rural communities. Eventually (1965) FmHA added direct grants to this program and can now contribute up to 75 percent of the cost of a rural water and/or waste disposal system. The service area of a system financed all or in part through FmHA can include rural towns of up to 10,000 population.

## Other Community Facilities

Authorization to make loans for other types of rural community facilities followed in the Rural Development Act of 1972. This has made FmHA a major source of federal loans for facilities such as health service centers, fire departments, community centers and other public-use buildings in rural areas.

## Nonfarm Income Needed

FmHA farmer programs have also reflected the changing times. The agency began in 1962 to make loans to family farmers to set up farm-based recreation and other nonagricultural enterprises that would add to family income. Imaginative and industrious use of this opportunity has enabled many rural families to stay on the farm and still make an adequate living.

## Business and Industry Encouraged

The most recent enlargement of FmHA's mission to serve the needs of changing rural patterns was the establishment, in 1972, of business and industry loans. Under this program, FmHA guarantees up to 90 percent of loans made by commercial lenders for business enterprises in rural areas, including cities of less than 50,000 population.

A major effort was initiated in 1979 to target business and industry loans toward several areas of special need—the establishment of minority-owned businesses, businesses operated by women, job-producing enterprises in deeply depressed areas, and revival of run-down business centers in rural towns.

From the mid 1930's, Farmers Home and its predecessors have represented "last resort" assistance for meeting rural needs. As the structure of American agriculture grows more complex and urbanization encroaches on the open country, the Agency works harder to help assure that the marginal farmer still has a chance to succeed on the land, that rural young people can get a start in farming, and that rural residents have balanced economic opportunities and the same essential public services as urban residents.

It has become apparent that the vitality of rural communities depends on planning and the coordination of all available resources. As FmHA moves to provide needy rural individuals and communities "a hand up, not a hand out," all segments of the local structure are strengthened.

This work has always involved taking risks, and it has involved much extraordinary effort on the part of the FmHA county office personnel. But the risks and the hard work have paid off in a stronger family-based agricultural system and a better life for many rural Americans.

\* \* \* \* \*



# FmHA State Office Locations

ALABAMA  
Room 717 Aronov Building  
474 South Court Street  
Montgomery, Alabama 36104  
(205) 832-7077

ALASKA  
Post Office Box 1289  
Palmer, Alaska 99645  
(907) 745-2176

ARIZONA  
Room 3433 Federal Building  
230 North First Avenue  
Phoenix, Arizona 85025  
(602) 261-6701

ARKANSAS  
5529 Federal Office Building  
700 West Capitol  
Little Rock, Arkansas  
(501) 378-6281

CALIFORNIA  
459 Cleveland Street  
Woodland, California 95695  
(916) 666-3382

COLORADO  
Room 231, 1 Diamond Plaza  
2490 West 26th Avenue  
Denver, Colorado 80211  
(303) 837-4347

DELAWARE, DISTRICT OF  
COLUMBIA, MARYLAND  
Robscott Building  
151 East Chestnut Hill Road,  
Suite 2  
Newark, Delaware 19713  
(302) 573-6694

FLORIDA  
Room 214, Federal Building  
401 S.E. 1st Avenue  
Gainesville, Florida 32602  
(904) 376-3210

GEORGIA  
355 East Hancock Avenue  
Stephens Federal Building  
Athens, Georgia 30601  
(404) 546-2162

HAWAII, GUAM, AMERICAN SAMOA,  
PACIFIC TRUST TERRITORIES  
345 Kekuanaoa Street  
Hilo, Hawaii 96720  
(808) 961-4781

IDAHO  
Room 429, Federal Building  
304 N. Eighth Street  
Boise, Idaho 83702  
(208) 334-1730

ILLINOIS  
2106 W. Springfield Avenue  
Champaign, Illinois 61820  
(217) 398-5235

INDIANA  
Suite 1700  
5610 Crawfordsville Road  
Indianapolis, Indiana 46224  
(317) 269-6415

IOWA  
Room 873, Federal Building  
210 Walnut  
Des Moines, Iowa 50309  
(515) 284-4663

KANSAS  
444 SE Quincy Street  
Topeka, Kansas 66683  
(913) 295-2870

KENTUCKY  
333 Waller Avenue  
Lexington, Kentucky 40504  
(606) 233-2733

LOUISIANA  
3727 Government Street  
Alexandria, Louisiana 71301  
(318) 473-7920

MAINE  
USDA Office Building  
Orono, Maine 04473  
(207) 866-4929

MASSACHUSETTS, CONNECTICUT,  
RHODE ISLAND  
451 West Street  
S. Amherst, Massachusetts 01002  
(413) 253-3471

MICHIGAN  
Room 209  
1405 South Harrison Road  
East Lansing, Michigan 48823  
(517) 337-6631

MINNESOTA  
252 Federal Office Building &  
U. S. Courthouse  
St Paul, Minnesota 55101  
(612) 725-5842

MISSISSIPPI  
Room 831 Federal Building  
Jackson, Mississippi 39201  
(601) 969-4316

MISSOURI  
555 Vandiver Drive  
Columbia, Missouri 65201  
(314) 442-2271

MONTANA  
Federal Building  
P. O. Box 850  
Bozeman, Montana 59715  
(406) 587-5271

NEBRASKA  
Room 308 Federal Building  
100 Centennial Mall North  
Lincoln, Nebraska 68508  
(402) 471-5551

NEW JERSEY  
1 Vahlsing Center  
Robbinsville, New Jersey 08691  
(609) 259-3136

NEW MEXICO  
Room 3414, Federal Building  
517 Gold Avenue, S. W.  
Albuquerque, New Mexico 87102  
(505) 766-2462



## FmHA State Office Locations





## FmHA State Office Locations

### NEW YORK, VIRGIN ISLANDS

Room 871  
U. S. Courthouse & Federal Building  
100 South Clinton Street  
Syracuse, New York 13202  
(315) 423-5290

### NORTH CAROLINA

Room 514  
310 New Bern Avenue  
Raleigh, North Carolina 27601  
(919) 755-4640

### NORTH DAKOTA

Room 208, Federal Building  
Third and Rosser  
Bismarck, North Dakota 58501  
(701) 255-4011

### OHIO

Federal Building, Room 507  
200 North High Street  
Columbus, Ohio 43215  
(614) 469-5606

### OKLAHOMA

USDA Agricultural Center Bldg.  
Stillwater, Oklahoma 74074  
(405) 624-4250

### OREGON

Room 1590 Federal Building  
1220 S. W. 3rd Avenue  
Portland, Oregon 97204  
(503) 221-2731

### PENNSYLVANIA

Federal Building, Room 728  
228 Walnut Street  
P. O. Box 905  
Harrisburg, Pennsylvania 17108  
(717) 782-4476

### PUERTO RICO

Federal Building  
Carlos Chardon Street  
Hato Rey  
San Juan, Puerto Rico 00918  
(809) 753-4308

### SOUTH CAROLINA

Federal Building  
1835 Assembly Street  
Room 1007  
Columbia, South Carolina 29201  
(803) 765-5876

### SOUTH DAKOTA

Huron Federal Building  
200 4th Street, S. W.  
Room 208  
Huron, South Dakota 57350  
(605) 352-8651

### TENNESSEE

538 U. S. Court House Building  
801 Broadway  
Nashville, Tennessee 37203  
(615) 251-7341

### TEXAS

W. R. Poage Building  
101 South Main  
Temple, Texas 76501  
(817) 774-1301

### UTAH, NEVADA

Room 5311 Federal Building  
125 South State Street  
Salt Lake City, Utah 84138  
(801) 524-5027

### VERMONT, NEW HAMPSHIRE

141 Main Street  
Post Office Box 588  
Montpelier, Vermont 05602  
(802) 223-2371

### VIRGINIA

Room 8213, Federal Building  
400 North Eighth Street  
Richmond, Virginia 23240  
(804) 782-2451

### WASHINGTON

Room 319, Federal Office Bldg.  
301 Yakima Street  
Wenatchee, Washington 98801  
(509) 662-4353

### WEST VIRGINIA

Room 320, Federal Building  
75 High Street  
Morgantown, West Virginia 26505  
(304) 599-7791

### WISCONSIN

Suite 209, 1st Financial Plaza  
1305 Main Street  
Stevens Point, Wisconsin 54481  
(715) 341-5900

### WYOMING

Room 1005 Federal Building  
100 East B Street  
Casper, Wyoming 82601  
(307) 265-5550







